

Message Text

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73

ACTION NEA-16

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 OMB-01 HEW-08 AID-20 COME-00 EB-11 FRB-03

TRSE-00 XMB-07 OPIC-12 CIEP-03 LAB-06 SIL-01 DRC-01

/165 W

----- 123628

R 071352Z AUG 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 3139

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 10482

E.O. 11652: N/A

TAGS: EFIN, IN

SUBJ: ARE INDIA'S POOR GETTING POORER?

1. POVERTY IN INDIA IS OFFICIALLY DEFINED AS THE PER CAPITA CONSUMPTION OF LESS THAN RS. 20 A MONTH IN 1960/61 PRICES (ABOUT \$80 A YEAR IN TODAY'S PRICES). A STATE-BY-STATE SURVEY IN 1964/65 SHOWED THAT ABOUT 46 PERCENT OF INDIA'S POPULATION WAS LIVING IN POVERTY BY THIS STANDARD. SUBSEQUENTLY, THE FIGURE WAS BELIEVED TO BE REDUCED TO ABOUT 40 PERCENT, AND THIS IS THE FIGURE THE PLANNING COMMISSION USED IN ITS APPROACH TO THE FIFTH PLAN RELEASED IN JANUARY, 1973. ONE OF INDIA'S MOST RESPECTED ECONOMISTS, FORMER MEMBER OF THE PLANNING COMMISSION, B.S. MINHAS, HAS RECENTLY WRITTEN THAT THE SHARP DETERIORATION OF THE ECONOMY AND THE RUNAWAY INFLATION OF THE LAST 20 MONTHS HAVE PROBABLY BROUGHT THOSE LIVING BELOW THE POVERTY LINE CLOSER TO TWO-THIRDS THAN 40 PERCENT OF THE INDIAN POPULATION. MINHAS' ESTIMATE RESULTED IN A PARLIAMENTARY INQUIRY TO WHICH MOHAN DHARIA, LIMITED OFFICIAL USE

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MINISTER OF STATE FOR PLANNING, GAVE AN EVASIVE ANSWER. HE DID

NOT DENY THAT DISTRIBUTION OF INCOME IN INDIA HAS PROBABLY
DETERIORATED SHARPLY; RATHER HE CONTENTED HIMSELF TO SAYING
THAT THE GOVERNMENT OF INDIA KNEW OF MINHAS' ESTIMATE, REITER-
ATING THE 1964 DATA CITED.
MOYNIHAN

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Message Attributes

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